

FDIC State Profile

Summer 2005

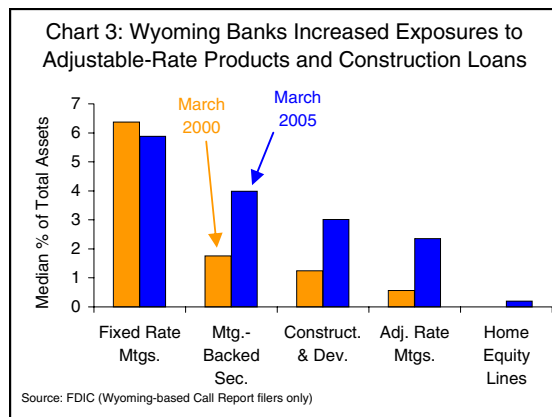
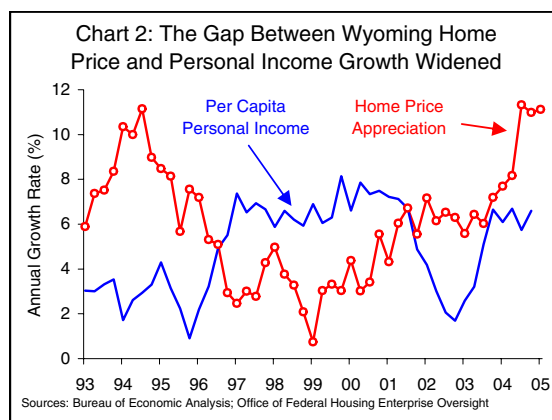
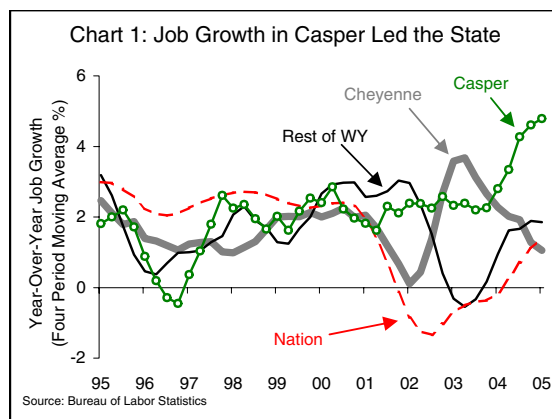
Wyoming

Wyoming job growth improved to 2.4 percent in early 2005, ranking 11th nationwide.

- While all sectors added jobs, higher energy prices continued to drive mining sector gains, which reported a 13 percent year-over-year growth rate and contributed over 40 percent of total job gains during the past year. Going forward Wyoming job growth is expected to moderate as labor markets tighten.¹
- In particular, **Casper** benefited from a strong mining sector growth and ranked among the top 10 percent of all metropolitan areas nationwide for year-over-year job growth (See Chart 1). Job gains were positive but relatively weaker in **Cheyenne** and the rest of Wyoming. Cheyenne, the state's capital, will likely benefit from the continuing budget surplus, which has swelled along with rising energy prices and related severance tax receipts.
- Although two small military facilities in Wyoming may close as part of the recent Base Realignment and Closure recommendations, the state will likely benefit overall because additional positions are proposed at a third facility. Importantly, proposed job cuts are not slated for Warren Air Force Base, the state's largest employer.

Home price appreciation prompted new building and use of variable-rate mortgages.

- Wyoming's home price appreciation accelerated in first quarter 2005, but at a lesser rate than the nation. However, home price gains still significantly outpaced personal income growth (See Chart 2). As a result, housing affordability declined, but remained well above most other western states.
- The Federal Housing Finance Board estimates that adjustable-rate mortgages (ARMs) financed 29 percent of Wyoming home purchases during 2004, up steadily from 4 percent during 2001.
- Price appreciation, the popularity of ARMs, and homebuilding activity pushed up exposures to variable-rate mortgage products and construction loans among



¹Forecast from Economy.com.

State Profile

Wyoming-based banks (See Chart 3).² However, balance sheets remain heavily invested in fixed-rate mortgages and mortgage-backed securities.

- Past-due residential loans improved in first quarter 2005. However, residential mortgage delinquency trends were not uniform across the state (See Chart 4).

Wyoming ranchers benefited from high prices, but uncertainties persist in the cattle market.

- Cattle ranchers, which generate the majority of Wyoming's farm revenues, experienced a 35 percent increase in cash receipts during 2004.³ Although cattle prices remain near record highs, the market faces uncertainty regarding the Canadian beef ban.
- The concentration of agricultural loans to Tier 1 capital declined among Wyoming-based institutions to 65 percent largely because recent portfolio growth has centered in other loan categories. The 19 Wyoming-based banks holding agricultural loans in excess of 100 percent of Tier 1 capital reported high, albeit improving, levels of past due loans (See Chart 5).

Insured institution earnings improved despite lower securities gains.

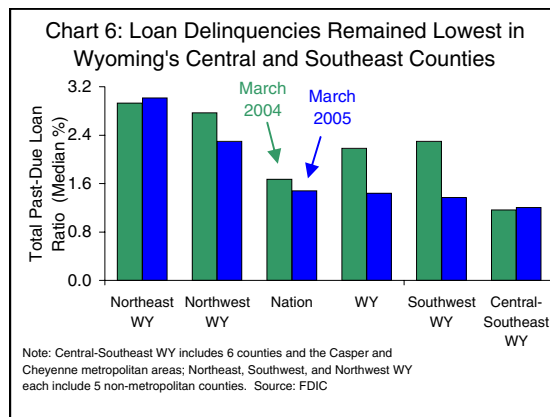
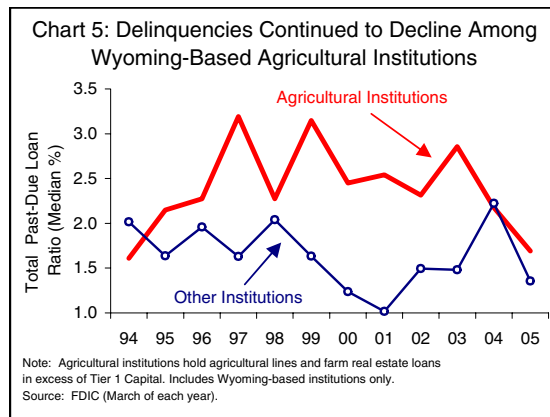
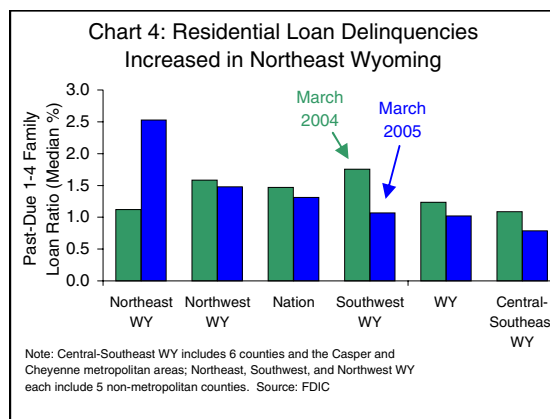
- Pre-tax return on assets (ROA) improved among Wyoming-based institutions relative to the first three months of 2004.⁴ Most institutions reported stronger earnings due to a combination of higher net interest income and/or lower overhead ratios.
- Recent short-term interest rate increases pressured quarterly margins among many institutions as funding cost hikes outpaced asset yield increases. The trend reflects the relatively longer-term repricing interval of assets vis-à-vis liabilities.
- Barely 5 percent of commercial banks in the state recognized securities gains in early 2005, down from more than one-third during first quarter 2004. The effect of rising interest rates on bond values remains important given high investments in fixed-income securities among insured institutions.

Insured institution asset quality improved.

- Past-due loans remained lowest among insured institutions based in the Central-Southeast portion of the state, home

to the state's two metropolitan areas, but persisted in Northeast Wyoming (See Chart 6).⁵

- Asset quality improvement in Southwest Wyoming may reflect the area's oil and gas-intensive economy, which has benefited from rising energy prices.



²Because of data limitations, the proportion of construction and development mortgages related to single-family building is unknown.

³Range Review, Wyoming Statistical Office, Issue 2005-05, May 13, 2005.

⁴Pre-tax ROA is used to allow better comparability between regular banking corporations and institutions electing Subchapter S Corporation status, which do not pay income tax at the bank level. As of March 31, 2005, 24 of Wyoming's 44 insured institutions had elected Subchapter S status.

⁵For purposes of this article, Central-Southeast Wyoming consists of 8 counties, including the Casper and Cheyenne metropolitan areas and the Laramie micropolitan area; Northeast Wyoming consists of 5 counties, including the Gillette and Sheridan micropolitan areas; Northwest Wyoming consists of 5 counties, including the Riverton micropolitan area; and, Southwest Wyoming consists of 5 counties, including the Jackson, Rock Springs, and Evanston micropolitan areas.

Wyoming at a Glance

ECONOMIC INDICATORS (Change from year ago quarter, unless noted)

Employment Growth Rates	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Total Nonfarm (share of trailing four quarter employment in parentheses)	2.4%	2.5%	0.2%	1.8%	2.2%
Manufacturing (4%)	2.2%	1.5%	-3.6%	-8.8%	1.3%
Other (non-manufacturing) Goods-Producing (16%)	7.5%	6.3%	-5.3%	7.3%	2.8%
Private Service-Producing (56%)	2.0%	2.1%	1.1%	1.2%	2.7%
Government (25%)	0.4%	1.4%	2.1%	1.7%	0.8%
Unemployment Rate (% of labor force)	3.1	3.8	4.3	3.8	3.6

Other Indicators	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Personal Income	N/A	6.5%	3.3%	4.9%	7.3%
Single-Family Home Permits	11.2%	38.0%	3.3%	13.8%	-15.7%
Multifamily Building Permits	-28.7%	150.0%	24.3%	-40.3%	82.4%
Existing Home Sales	17.5%	24.8%	-9.0%	-4.3%	23.4%
Home Price Index	11.1%	7.7%	5.5%	7.2%	4.3%
Bankruptcy Filings per 1000 people (quarterly level)	1.11	1.12	1.20	0.96	1.17

BANKING TRENDS

General Information	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Institutions (#)	44	44	50	49	50
Total Assets (in millions)	5,739	5,228	7,537	7,152	7,903
New Institutions (# < 3 years)	1	1	1	1	1
Subchapter S Institutions	24	20	24	24	17

Asset Quality	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Past-Due and Nonaccrual Loans / Total Loans (median %)	1.44	2.18	1.98	1.61	1.40
ALLL/Total Loans (median %)	1.22	1.23	1.30	1.40	1.41
ALLL/Noncurrent Loans (median multiple)	1.57	1.14	1.56	2.21	2.62
Net Loan Losses / Total Loans (median %)	0.04	0.05	0.06	0.05	0.05

Capital / Earnings	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Tier 1 Leverage (median %)	9.11	9.02	8.72	8.28	8.54
Return on Assets (median %)	1.38	1.37	1.40	1.37	1.37
Pretax Return on Assets (median %)	1.58	1.63	1.75	1.79	1.79
Net Interest Margin (median %)	4.53	4.49	4.65	4.68	4.65
Yield on Earning Assets (median %)	7.06	7.03	7.22	7.38	7.78
Cost of Funding Earning Assets (median %)	2.41	2.39	2.54	2.68	3.05
Provisions to Avg. Assets (median %)	0.11	0.13	0.10	0.11	0.10
Noninterest Income to Avg. Assets (median %)	0.58	0.57	0.58	0.60	0.60
Overhead to Avg. Assets (median %)	3.00	3.02	2.99	3.00	3.00

Liquidity / Sensitivity	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Loans to Assets (median %)	63.4	61.5	60.2	58.4	62.8
Noncore Funding to Assets (median %)	18.7	17.1	16.5	16.1	18.2
Long-term Assets to Assets (median %, call filers)	14.3	16.6	13.7	15.7	15.8
Brokered Deposits (number of institutions)	13	13	7	5	4
Brokered Deposits to Assets (median % for those above)	2.3	1.5	2.6	0.9	0.9

Loan Concentrations (median % of Tier 1 Capital)	Q1-05	Q1-04	Q1-03	Q1-02	Q1-01
Commercial and Industrial	130.4	132.2	129.1	122.2	123.0
Commercial Real Estate	180.3	174.7	173.5	133.7	112.1
Construction & Development	35.8	28.9	27.7	18.2	15.1
Multifamily Residential Real Estate	3.8	2.2	4.3	2.2	1.5
Nonresidential Real Estate	132.1	124.1	116.4	96.3	82.3
Residential Real Estate	102.8	113.9	111.2	131.7	120.5
Consumer	48.1	55.0	58.6	72.0	74.7
Agriculture	64.6	86.0	84.2	88.3	93.8

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Casper, WY	7	934	< \$250 million	38 (86.4%)
Cheyenne, WY	14	916	\$250 million to \$1 billion	6 (13.6%)
			\$1 billion to \$10 billion	0 (0%)
			> \$10 billion	0 (0%)